

**2011 Global Frost & Sullivan Product Innovation Award for
RFID UHF Solutions**





Xerafy Ltd. Frost & Sullivan's Global Research Platform

The 2011 Global Frost & Sullivan Product Innovation Award for RFID UHF Solutions goes to Xerafy Ltd in recognition of the technology breakthrough of ultra-high frequency interference when embedded in metal.

This award is based on the findings of Frost & Sullivan Best Practices research to a company that has demonstrated excellence in uniqueness of strategy, in improving market position, and in leveraging competitive intelligence.

Frost & Sullivan is entering its 49th year in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The Company's research philosophy originates with the CEO's 360 Degree Perspective,* which in turn serves as the foundation of its TEAM Research** methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership.

Significance of the Global Product Innovation Award

Key Industry Challenges Addressed by Product Innovation

There are several advantages to using UHF tags; the two most relevant being cost and performance. Traditionally, HF technology has been considered a more reliable and mature technology than UHF for performance on metals. Developments in UHF in the past two years have shown that the challenge of designing a RFID UHF tag to perform on metallic surface has largely been solved. As UHF technology continues to grow, the demand for better quality and value-added features in a product becomes more apparent. The challenge in the industry is, therefore, to remain competitive in terms of technology, quality and in addressing end-user needs.

In order to remain competitive in the market in terms of technology, companies are challenged to continuously seek and leverage on the new and emerging technologies, and plan ahead on workarounds for the potential disruptive aspects of the technologies. Leveraging on innovation will create the opportunity for developing new products with advanced features to stay competitive in the market and drive the growth of the industry in the process.

The ability of a product to work reliably and effectively in challenging environments and applications will help increase customer confidence. Consequently, this will promote the growth of new applications in the industry.

Companies need to continuously monitor the dynamics in order to understand the perspective, behaviors and demographics of the end-user market. This will help the supplier or the vendor to understand the unmet needs of the industry, to identify emerging trends in the market and to tailor their products and services accordingly to match the needs of the industry, thereby enabling them to remain competitive in the market.

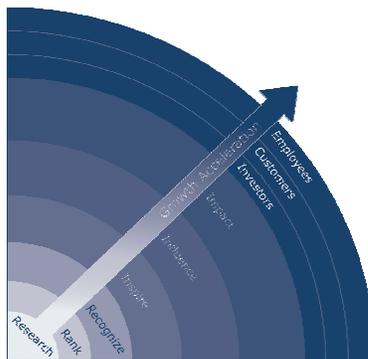
Impact of Global Product Innovation Award on Key Stakeholders

The Global Product Innovation Award is a prestigious recognition of Xerafy's accomplishments in RFID UHF solutions. Frost & Sullivan, an unbiased third party, recognizes the profound impact Xerafy's embed-in-metal technology brings to the industry, enabling previously unimaginable benefits of RFID solution to manufacturers and end customers. The award will help to enhance the Xerafy brand value and thereby, accelerate Xerafy's growth.

As captured in Chart 1 below, by researching, ranking, and recognizing those who deliver excellence and best practices in their respective endeavors, Frost & Sullivan hopes to inspire, influence, and impact three specific constituencies:

- **Investors**
 - Investors and shareholders always welcome unbiased and impartial third-party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is the best and most credible way to showcase an organization worthy of investment.
- **Customers**
 - Third-party industry recognition has been proven to be the most effective way to assure customers that they are partnering with an organization that is leading in its field.
- **Employees**
 - This award represents the continuous innovation and compelling customer value proposition brought by Xerafy's executive team and employees. Such public recognition can boost morale and inspire your team to continue its best-in-class pursuit of innovative strategy for Xerafy.

Chart 1: Best Practices Leverage for Growth Acceleration



Key Benchmarking Criteria for the Global Product Innovation Award

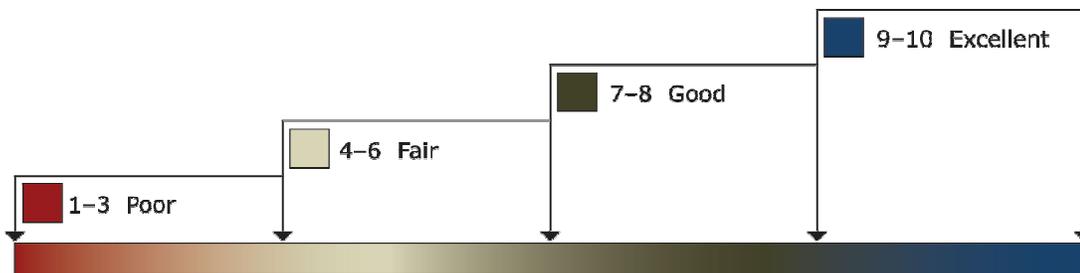
For the Global Product Innovation Award, the following criteria were used to benchmark Xerafy’s performance against key competitors in the world:

- Uniqueness of Strategy
- Improvement to Market Position
- Leveraging Competitive Intelligence

Decision Support Matrix and Measurement Criteria

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Matrix (DSM). The DSM is an analytical tool that compares companies’ performance relative to each other with an integration of quantitative and qualitative metrics. The DSM features criteria unique to each award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. Fundamentally, each DSM is distinct for each market and award category. The DSM allows our research and consulting teams to objectively analyze each company's performance on each criterion relative to its top competitors and assign performance ratings on that basis. The DSM follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are shown in Chart 2.

Chart 2: Performance-based Ratings for Decision Support Matrix



This exercise encompasses all criteria, leading to a weighted average ranking of each company. Researchers can then easily identify the company with the highest ranking. As a final step, the research team confirms the veracity of the model by ensuring that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

Chart 3: Frost & Sullivan’s 10 Step Process for Identifying Award-Recipients



Best Practice Award Analysis for Xerafy

The Decision Support Matrix, shown in Chart 4, illustrates the relative importance of each criterion for the Global Product Innovation Award and the ratings for each company under evaluation. To remain unbiased while also protecting the interests of the other organizations reviewed, Frost & Sullivan has chosen to refer to the other key participants as Competitor 1 and Competitor 2.

Chart 4: Decision Support Matrix for the Global Product Innovation Award

Measurement of 1–10 (1 = lowest; 10 = highest)	Award Criteria			Weighted Rating
	Uniqueness of Strategy	Improves Market Position	Leverages Competitive Intelligence	
Relative Weight (%)	33%	33%	33%	100%
Xerafy	9	9	9	8.9
Competitor 1	7	6	7	6.6
Competitor 2	6	6	7	6.3

Criterion 1: Uniqueness of Strategy

RFID technology that is mounted on metal has traditionally been accomplished through surface mounting. Xerafy's product uniqueness lies in its innovative embed-in-metal RFID technology. This innovation was a result of a growing need from the market to have not only tags, which worked exceptionally well on metals, but also inside metal. Such kind of solution was needed for enabling companies to integrate an RFID solution where exposed RFID tags are susceptible to damage from use in harsh conditions, "wear and tear" and targets of deliberate tampering. There is certainly an increased rate of urgency for RFID based tracking solutions in harsh environments.

Another benefit of this pioneering technology is that it allows for RFID to be seamlessly integrated into products during manufacture. This eliminates the need for the end-customer to apply RFID to its assets. Creating this value-added step at the point-of-manufacture greatly benefits the end-user in terms of cost, manpower and the fact that the product will be "RFID ready".

In addition to the unique embedded feature that the product offers, Xerafy's tags are also the smallest durable UHF passive tags. Small form factors enable identification capabilities of minute metal assets where barcodes cannot be used and embedding in small assets.

Although Xerafy is relatively new when compared to the more established players in the RFID industry, the company has built an impressive network of channel partnerships among software and hardware vendors, system integrators, distributors, resellers and manufacturers. Through these partnerships, Xerafy was able to quickly bring its solutions to major vertical markets, such as IT assets, aerospace and automotives, manufacturing, construction, oil and gas and the embeddable market.

Criterion 2: Improvement to Market Position

Customers in the industrial market have largely been shut out of RFID mainly because there are not many tags in the market that can work well on metal, achieve superior read performances and meet the harsh and demanding conditions.

Xerafy offers a differentiated product by identifying the challenges faced by their customers and provides a compelling customer value proposition to capitalize on these opportunities through their disruptive wireless technology.

In the industrial markets where critical and often potentially hazardous situations require reliable identification of people and assets, the cost of poorly maintained or unreliable equipment, misplaced tools or the use of incorrect equipment can easily run into the millions of dollars. For example, in the oil and gas, mining and energy industries, visibility and control of assets are essential to operational efficiency and safety. These include tracking of tools for predictive maintenance, tracking of hazardous materials, and asset management of tools such as pipes, drills, and other complex high value tools including rented equipment. Production downtime on an oilrig is up to \$800,000 per day for deep-water production and \$500,000 per day for off shore production.

With the ability of Xerafy's tags to be embedded in metal, manufacturers and end-users in the various industries can publicize their products to be RFID-enabled. Business processes that implement RFID tagging on equipment, tools or other metallic products will be able to leverage on the advantage of having their products or equipment RFID-ready from the manufacturer, without the need for an additional step to tag them. Thus, Xerafy, through its ability to advance the state of the RFID industry forward, is successfully staying ahead of competition in the market.

Criterion 3: Leverages Competitive Intelligence

The innovation of the "iN" product family from Xerafy is a result of the company's leverage on competitive intelligence pertaining to the RFID market.

Xerafy has been able to identify the business need of customers, the strengths and weaknesses of the competition, specifically for metal asset tracking and the opportunities for improvement and innovation in terms of technology.

By understanding the needs of the market, coupled with strong innovation in tag development, Xerafy has been able to overcome the technical challenges that were affecting RFID implementations for metal asset tracking in the past. The company achieved this by producing the world's smallest and most durable embeddable metal asset tag, creating an opportunity for the development of new applications in RFID.

About Xerafy

Xerafy Ltd is committed to bringing customers the world's smallest and most durable passive UHF RFID-on-metal and RFID-in-metal tags qualified and tested to meet extreme conditions over the lifetime of the asset. Xerafy's innovative packaging technology offers the automotive manufacturing, aerospace, energy, IT, and construction market, affordable, durable, and high temperature smart tags that can be easily be attached to or embedded in metal assets. With these tags, customers can achieve automatic tool check-in and check-out, MRO, WIP, process control and logistics. Xerafy is headquartered in Hong Kong and maintains sales and support offices in Dallas, Texas, Washington, DC and Shanghai, China.

Learn more about Xerafy by visiting us at: www.xerafy.com.

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About Best Practices

Frost & Sullivan Best Practices Awards recognize companies in a variety of regional and global markets for demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service, and strategic product development. Industry analysts compare market participants and measure performance through in-depth interviews, analysis, and extensive secondary research in order to identify best practices in the industry. awards.frost.com

About Frost & Sullivan

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